

(106 RMC)

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INTERAGENCY ADVISORY GROUP

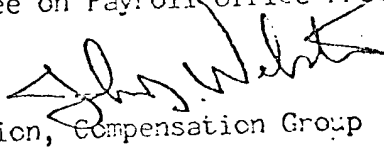
UNITED STATES OF AMERICA
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, D.C. 20415

NOV 18 1983

Secretariat

Room 1304—1900 E St., N.W.
Code 101, Ext. 26266 or
Area Code 202—632-6266

TO: Members of IAG Subcommittee on Payroll Office Procedures

FROM: John D. Webster, Chief 
Fiscal Management Division, Compensation Group

SUBJECT: Subcommittee Meeting - November 30, 1983

The purpose of this letter is to transmit the enclosed material that will be discussed at the November 30th meeting of the subcommittee and to request that your comments be prepared and submitted to OPM at that time. I regret the short leadtime, but we have no alternative. The material being distributed for comment is still in draft form and cannot be finalized until legislation is finally enacted. While we would normally develop reporting instructions only after legislation is finally passed, the time pressure in this instance requires a different course of action. Please note this fact when making plans within your agency. Our draft is based on the provisions of a bill which has just been passed by Congress and which is awaiting the President's signature.

The meeting will be held from 10:00 a.m. to 12:00 noon in Room 1304 of the OPM building (1900 E St., N.W.). I look forward to meeting and talking with you on November 30th and hope that you are able to attend the meeting. If you have any questions before the meeting, please feel free to contact me on (202) 632-7450. Since seating for the meeting will be limited, please call us in advance if you want to bring any other individuals from your agency. Thank you very much for your interest in this subcommittee.

Enclosure

United States
Office of
Personnel Management

Washington, D.C. 20415

In Reply, Refer To

Your Reference

AGENCY PAYROLL OFFICES
ATTN: CHIEF FINANCIAL OFFICER

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The purpose of this letter is to provide agencies with advance operating instructions concerning the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983, P.L. 98-

Public Law 98-21 (the Social Security Amendments of 1983) extends Social Security (SS) coverage to several new groups of Federal employees:

- o Persons first appointed to Federal service on or after January 1, 1984;
- o Former Federal employees who return to Federal employment on or after January 1, 1984, after a break in service of more than 365 consecutive days;
- o Current employees of the legislative branch who are not covered by the Civil Service Retirement System (CSRS) as of December 31, 1983;
- o The President, the Vice President, Members of Congress, Federal judges, some Presidential appointees, and most persons holding non-career appointments in the Senior Executive Service effective January 1, 1984.

Beginning January 1, 1984, the employees noted above will be covered not only by Social Security, but also by any Federal Government retirement system to which their appointments would otherwise entitle them. Thus, many of these employees would be covered under both the CSR and SS systems--i.e., they would be under the new CPDF retirement codes R and T described in FPM Letter 296-93 dated September 1, 1983. (Hereafter, these employees will be referred to as "post-1983 CSR employees.")

Public Law 98- provides for a temporary adjustment to the amount of employee CSR withholdings required under section 8334 of title 5, United States Code. Under this law, most post-1983 CSR employees will only have 1.3% of their basic pay withheld for CSR until January 1, 1986, or, if earlier, the date on which a new Government retirement system to supplement Social Security is created. Agencies, however, will still be required to contribute the normal percentage of basic pay (i.e., 7%, 7.5%, or 8% as appropriate) for post-1983 CSR employees. Therefore, withholdings and agency contributions for most post-1983 CSR employees will not be equal.

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Another important modification of the law permits certain current employees to make various elections concerning coverage. The nature of these elections is described in the attached draft copy of an employee election form. Additional instructions will be issued shortly in an FPM bulletin for handling these elections. //

FPM Bulletin No. 831-140, dated November 10, 1983, stated that OPM was not going to revise SF 2812 at this time. However, due to provisions in the law that require the computation of a withholding deficiency, we have decided to redefine the use of the 4 fields that apply to employee withholdings and agency contributions. The following definitions will apply for all payrolls paid on or after January 1, 1984:

SF 2812 FIELDNEW DEFINITION

CIVIL SERVICE RETIREMENT

7%

Withholdings

This line is to be used for withholdings applicable to all CSR employees not subject to Social Security or those covered by SS and electing to continue at the full withholding rate--i.e., 7%, 7.5%, 8% withholdings or primarily CPDF retirement codes 1 and 6 (includes some R and T codes). } !!

Contributions

This line is to be used for agency matching contributions applicable to all CSR employees not subject to Social Security or those covered by SS and electing to continue at the full withholding rate.

___%

Withholdings

This line is to be used for all the 1.3% withholdings applicable to most post-1983 CSR employees. All of these employees are covered by CPDF retirement codes R or T. !

Contributions

This line is to be used for agency 7%, 7.5%, or 8% contributions applicable to all post-1983 CSR employees with 1.3% withholdings.

As can be seen from the new definitions above, separate reporting of 7.5% and 8% withholdings will not be required each pay period. However, every 6 months (last payroll paid in March and September) OPM will require that this breakdown be supplied. Further information on this special reporting requirement will be supplied before the March 1984 Headcount report. Enclosed is a sample SF 2812 prepared in accordance with these new definitions. We request that all agencies type the number 1.3% in the line entitled "___% Withholdings" to ensure proper identification by OPM. ✓

As indicated in FPM Bulletin No. 831-140, agency payroll systems must be capable of identifying and segregating the Individual Retirement Records (SF 2806) of post-1983 CSR employees, together with any monies associated with. ✓

DDCI > these records. For those post-1983 CSR employees who already have an SF 2806 (e.g., Presidential appointees), agencies should start a new SF 2806 for them and close-out the current SF 2806 (using an SF 2807) to OPM effective with the last payroll paid in 1983. The last entry on the closed-out SF 2806 should show "12-31-83" as the effective date and "Social Security Amendments of 1983" as the action. The remarks column (#4) of the old and new SF 2806 should contain the following phrase: "Post-1983 CSR Employee; Social Security coverage as of 1-1-84." Also, a copy of the election form used to elect the level of CSR coverage after 1-1-84 (if applicable) should be attached to the closed-out SF 2806.

Public Law 98- , also contains other provisions concerning a Social Security offset, deposits, crediting of service, transfer of service to a new retirement system, etc. Since these items do not have immediate impact on agency payroll systems and will be the subject of a future FPM release, we have not addressed them in this letter. If you have any questions concerning the subjects discussed in this letter, please discuss them first with your agency's benefit officer. If, after your discussion, you still have a question or problem, we can be contacted on (202) 632-7450.

Sincerely,

DRAFT

James W. Morrison, Jr.
Associate Director
for Compensation

Enclosures

Approved For Release 2011/03/07 : CIA-RDP89-00066R000300010031-7 S

JOURNAL VOUCHER AND REPORT OF WITHHOLDINGS
FOR HEALTH BENEFITS, GROUP LIFE INSURANCE AND CIVIL SERVICE RETIREMENT

No. 1064-OPM AR

Address (Including Department, Bureau, Location and ZIP Code) XYZ Agency Budget and Finance Division Washington, D.C. 20240	CHARGE AND CREDIT WILL BE REPORTED ON STATEMENT OF TRANSACTIONS FOR ACCOUNTING PERIOD ENDING: 9/84	Payroll Office Number 40-00-0002	Report Number 84-19
		Voucher Number	Date Payroll Paid 9/25/84
		Pay Period From: 9/2/84	To: 9/15/84
		APPROPRIATION OR FUND SYMBOL(S) CHARGED 4030100	

TO:

OFFICE OF PERSONNEL MANAGEMENT
ATTN: FUNDS CONTROL SECTION
POST OFFICE BOX 582
WASHINGTON DC 20044

CREDIT TO OPM RECEIPT ACCOUNT
24X8135.8 \$ 120,192.74

I certify that the items listed herein are correct and the amount is available to be credited to the OPM receipt account.

Signature of Authorized Administrative or Certifying Officer and Date Signed

John Smith 9/21/84

COMPLETE ONLY IF PAID BY A CHECK

Paid by Check Number

Check Date

SUMMARY		NUMBER ENROLLED ¹		SUMMARY		NUMBER ENROLLED ¹	
	AMOUNT	From Whom Deductions Were Made	From Whom No Deductions Were Made		AMOUNT	From Whom Deductions Were Made	From Whom No Deductions Were Made
BASIC LIFE INSURANCE				POST-RETIREMENT BASIC LIFE WITHHOLDINGS			
Withholdings	3,296.16			Total	\$ 2,817.16	531	1
Contributions	1,648.08			HEALTH BENEFITS			
Total	\$4,944.24	599	3	Withholdings	39,856.59		
ADDITIONAL LIFE INSURANCE WITHHOLDINGS—OPTION B				Contributions	35,185.96		
To Age 35 (9M1)	56.00	70	1	Additional Contributions	846.56		
35 to 39 (9M2)	66.00	55	1	Total	\$ 75,889.11	572	1
40 to 44 (9M3)	77.90	41	1	CIVIL SERVICE RETIREMENT			
45 to 49 (9M4)	92.80	32	1	7%, 7-1/2, 8 Withholdings	15,299.20	560	5
50 to 54 (9M5)	117.00	26	1	Contributions	15,299.20		
55 to 59 (9M6)	157.50	15	1	1.3 % Withholdings ²	202.95	40	1
60 UP (9M7)	154.00	11	1	Contributions ²	1,092.80		
Total	\$ 721.20	250	1	Salary Offset Reemployed	1,453.13		5
STANDARD LIFE INSURANCE WITHHOLDINGS—OPTION A				Military Deposit	1,200.00	3	
Total	\$ 315.00	195	2	Civilian Service Credit	710.95	26	
FAMILY LIFE INSURANCE WITHHOLDINGS—OPTION C				Total	\$ 35,258.23	629	11
Total	\$ 247.80	237	1	GRAND TOTAL	\$ 120,192.74	Number of Employees on Payroll 652	

Withholdings by age group and number of enrollees are required on report for last payroll paid in September and March.
Use when withholdings and contributions are other than 7%.

Disregard

PREVIOUS EDITIONS NOT USABLE

Standard Form 2812 (Rev. 1-83)
Office of Personnel Management
FPM Supplements 63101, 87001, and 2

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Summary of P.L. 98- and Employee Election

The Social Security Amendments of 1983, P.L. 98-21, extended mandatory Social Security coverage to all Federal employees newly-hired on or after January 1, 1984 and certain groups of current Federal employees. This mandatory Social Security coverage required the withholding of Social Security taxes from the pay of affected Federal employees after January 1, 1984, notwithstanding the fact that participation in the Civil Service Retirement System (or other retirement systems established for Federal employees) required a comparable withholding from pay. P.L. 98- , enacted on November , 1983, provides (1) a reduced rate of withholding of 1.3% of pay as the employee's contribution to the Civil Service Retirement System (or other retirement system established for Federal employees) for those affected Federal employees, newly-hired after January 1, 1984, and (2) an election for current Federal employees who are confronted with possible double coverage for retirement purposes. Current Federal employees who will be subject to Social Security coverage on January 1, 1984 need to review the options currently available to them as explained in the following paragraphs and elect coverage accordingly.

I. If you are currently participating in the Civil Service Retirement System (or other retirement system established for Federal employees), you may elect before January 1, 1984 to either:

- A. Cease participation in the CSRS (thereby becoming eligible to apply for a refund of your retirement contributions made up to date) and pay only for Social Security coverage after January 1, 1984;

Signature

Date

or

- B. Remain under the CSRS and pay for full retirement coverage (normally 7% of pay) and Social Security coverage;

Signature

Date

If you do not elect either IA or IB, you will remain under the CSRS, pay only the 1.3% of pay as in the case of employees newly-hired on or after January 1, 1984, and pay for Social Security coverage. The following will then apply to you:

1. January 1, 1984 through December 31, 1985 has been determined to be a "transition period" during which a supplemental retirement plan for Federal employees is to be developed. If CSRS benefits commence during this transition period, a deposit of the difference between the 1.3% rate of withholding and the normal 7% rate will have to be made (except for disability or survivor benefits) to receive credit for service during the transition period. CSRS disability and survivor benefits will be offset by the amount of any Social Security benefit that is attributable to service performed during that transition period, unless, in the case of survivor benefits, the employee made the deposit before his or her death.

2. If no supplemental plan is established by the end of the transition period, the normal 7% employee contribution rate will be reinstated and retirement credit for that two-year period will then be allowed only if the deposit mentioned above is made.

II. If you are a Member of Congress or a Career Senior Executive Service employee who accepted an Executive Level presidential appointment, and not currently participating in the Civil Service Retirement System by virtue of your previous election not to participate, you may elect to either:

A. Become covered under the CSRS and be treated the same as employees in Paragraph I who do not make an election; i.e., pay for full social Security coverage and 1.3% for reduced CSRS coverage; _____

Signature

Date

or

B. Become covered under the CSRS and pay for full Social Security coverage and full CSRS coverage; _____

Signature

Date

We need to know as soon as possible your decision on this important matter. Please sign and date after the appropriate election--I A or B or II A or B--depending on your current participation status.

Note: If you fail to return a signed election, copies will be filed with your records with a notation to show that you were advised of the opportunity to make an election.